

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4444-04
Bill No.: Truly Agreed To and Finally Passed SS for SCS for SB 510
Subject: Employees-Employers; Labor and Industrial Relations Department;
Unemployment Compensation
Type: Original
Date: May 20, 2014

Bill Summary: This proposal would redefine "misconduct" and "good cause" for the purposes of disqualification from unemployment benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations (DOLIR)** noted this proposal would change the provisions regarding disqualification for Unemployment Insurance (UI) benefits.

DOLIR officials stated individuals who are determined to have been separated from employment due to misconduct are not eligible to receive benefits. DOLIR officials noted the proposed changes to Section 288.030.1.(23), RSMo. in this proposal would amend the definition of misconduct, and would expand the definition of "misconduct" to include absenteeism and tardiness.

DOLIR officials did not include an estimate of fiscal impact for this provision, and **Oversight** assumes the provision would have no fiscal impact to the state or to local governments.

DOLIR officials noted individuals can be disqualified for benefits if they voluntarily leave work without "good cause" attributable to such work or to the employer. DOLIR officials stated that "good cause" is not currently defined in state law, and the proposed changes to Section 288.050.(1) RSMo. would add a definition for "good cause". DOLIR officials assumed the change would have no fiscal impact.

Bill as a whole responses

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules**, the **Office of Administration - Division of Personnel** and **Division of General Services**, **Linn State Technical College**, **Missouri State University**, **St. Louis County**, and the **Platte County Board of Elections** assume this proposal would not have a fiscal impact to their organizations.

Officials from the **City of Kansas City** assume this proposal would result in potential savings to the City because there is a higher standard for a former employee to receive unemployment benefits. City officials stated it is difficult to estimate the amount of much savings because the amount would be dependent on the decisions of the Employment Security Division's hearing officers, as well as their interpretation of the new, higher standards.

Officials from the **University of Missouri** stated they did not anticipate a significant annual cost from this proposal.

Officials from the **University of Central Missouri** assumed this proposal would have no significant fiscal impact on their organization.

Officials from **Pettis County** stated a previous version of this proposal would, if enacted, have the potential of reducing unemployment claims by 75% in their organization in 2014 and every year thereafter. County officials estimated annual savings of \$6,300.

Officials from the **City of Columbia** assume this proposal would have no negative impact on their organization and could lead to the city paying out less in unemployment benefits.

Officials from **Lincoln University**, the **Metropolitan Community Colleges**, **Missouri Southern State University**, **Northwest Missouri State University**, **Missouri Western State University**, the **St. Louis County Community College**, **Cole County**, the **Fulton School District**, the **Johnson County R-VII School District**, the **Jackson County Election Board**, and the **St. Louis County Directors of Elections** assumed a previous version of this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Oversight assumes this proposal could lead to an eventual reduction of costs to entities which have employees if the proposed changes result in the disqualification of more former employees than is currently the case; however, those potential cost reductions could also be dependent on the specific facts in each case and not a direct result of the proposed changes.

Not responding

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

Officials from the following counties: Andrew, Audrain, Barry, Bates, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Clay, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Phelps, Platte, Pulaski, Scott, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

Officials from the following schools: Blue Springs Public Schools, Branson Public Schools, Carondelet Leadership Academy, Charleston R-I Schools, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Malden R-I Schools, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools and Warren County R-III School District did not respond to our request for information.

ASSUMPTION (continued)

Officials from the following colleges and universities: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Moberly Area Community College, Southeast Missouri State University, State Fair Community College, St. Charles Community College, Three Rivers Community College, and Truman State University did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

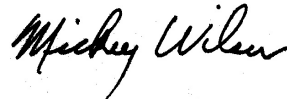
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules
Office of Administration
 Division of General Services
 Division of Personnel
Lincoln University
Linn State Technical College
Metropolitan Community Colleges
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
St. Louis County Community Colleges

SOURCES OF INFORMATION (continued)

University of Central Missouri
University of Missouri
Cole County
Pettis County
St. Louis County
City of Columbia
City of Kansas City
Fulton School District
Johnson County R-VII School District
Jackson County Election Board
St. Louis County Directors of Elections
Platte County Board of Elections



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May 20, 2014

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May 20, 2014